

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 OMB-01 CIAE-00 PM-07 INR-10 L-03

NEA-10 NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15

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/144 W

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R 131232Z DEC 73

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5077

INFO AMEMBASSY LONDON

AMEMBASSY ROME

USDOC WASHDC

USMISSION NATO

C O N F I D E N T I A L VALLETTA 2461

E.O. 11652: GDS

TAGS: EFIN, MT, UK

SUBJ: NATIONAL BANK DEVELOPMENTS

REF: VALLETTA 2445

1. SUMMARY. DEC. 13 ENGLISH LANGUAGE DAILY TIMES OF MALTA CONFIRMS REPORT REFTEL LINO SPITERI APPOINTED TO TAKE CHARGE OF THE ASSETS OF THE NATIONAL BANK IN ACCORDANCE WITH THE TERMS OF THE BANKING ACT, 1970. PARLIAMENT ON DEC. 12 CARRIED THROUGH ALL STAGES THE NATIONAL AND TAGLIAFERRO BANKS ACT WHICH WAS MOVED WITH URGENCY BY PM MINTOFF TO MAKE TEMPORARY PROVISION TO ENTRUST THE ADMINISTRATION OF THE BANKS TO A COUNCIL OF ADMINISTRATION. PM ALSO APPEARED ON TV AGAIN EVENING DEC.12 TO EXPLAIN LATEST DEVELOPMENTS. END SUMMARY.

2. MINTOFF EXPLAINED NEW LEGISLATION WOULD PLACE NATIONAL BANK AND TAGLIAFERRO BANK UNDER A COUNCIL OF ADMINISTRATION WHOSE PURPOSE IS GRADUALLY TO REINTRODUCE SOME OF THE BANK'S ACTIVITIES. THIS TEMPORARY LEGISLATION PASSED IN ANTICIPATION  
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REQUIRED TWO THIRDS MAJORITY OF BANK'S SHAREHOLDERS AGREEING

TO TRANSFER THE BANK TO THE GOM WITHOUT COMPENSATION. OUT OF A TOTAL OF 9,800 SHARES THE CONSENT OF THE OWNERS OF 6,543 SHARES IS NEEDED. UP TO YESTERDAY, THE OWNERS OF 5,900 SHARES HAD GIVEN THEIR CONSENT.

3. MINTOFF SAID THE LEGISLATION WOULD MAKE POSSIBLE THE RE-INTRODUCTION OF SUCH BANKING ACTIVITIES AS CLEARANCE OF TRADE INVOICES, BANK ACCOUNTS HELD BY INDUSTRIES AND THE BANK'S TRANSACTIONS WITH OTHER COUNTRIES. HE NOTED, HOWEVER, THAT SINCE THE BANK IS NO LONGER RECOGNIZED OVERSEAS, ARRANGEMENTS WILL HAVE TO BE MADE TO HANDLE THE BANK'S FOREIGN TRANSACTIONS THROUGH BARCLAYS.

4. COMMENT: DURING MINTOFF'S DEC. 11 TV APPEARANCE, HE COMPARED HIMSELF TO A BRAVE COWBOY FIRING A SHOT IN THE FACE OF A CATTLE STAMPEDE. HAVING SHOCKED THE MALTA PUBLIC BY THE TOTAL SUSPENSION OF THE NATIONAL BANK'S ACTIVITIES ON DEC. 12, HE NOW APPEARS TO BE TRYING TO MOVE AS EXPEDITIOUSLY AS POSSIBLE TO PRESERVE MALTA'S COMMERCIAL BANKING STRUCTURE AND GENERAL ECONOMIC AND COMMERCIAL ACTIVITY. HE NOTED THAT THE GOM WAS ASSUMING SOME RISK IN REOPENING THE NATIONAL BANK EVEN FOR LIMITED ACTIVITIES BUT RECOGNIZED THAT THIS WAS NECESSARY IN THE INTEREST OF EMPLOYEES AND WORKERS IN INDUSTRIES DEPENDING ON THE BANK.  
GOLINO

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